CANADIAN SULPHUR MARKET IN ARGENTINA

Sulphur as a Commodity:

In Canada, sulphur is recovered from sour (i.e. sulphur-containing) natural gas processing plants, oil sands plants and oil refineries. It is the base commodity for sulphuric acid which is its most important compound. Sulphuric acid is made either from the burning of sulphur or from waste gases created during ore smelting. Sulphuric acid accounts for almost 90% of total sulphur use. Because of its versatility, sulphuric acid is used in many industrial processes. It reacts well with other chemicals and is used in a wide range of chemical processes, the refining of non-ferrous metals and petroleum and in uranium extraction.The largest usage of sulphuric acid is in the production of phosphate fertilizers.

Canadian Sulphur Exports Worldwide:

There has been an overall weakness in the global demand for sulphur due to a deterioration in a number of economic and market factors. This global weakness and other contributing factors has led to a decline in Canada's offshore sulphur exports and world market share. Canada had traditionally accounted for approximately 43% of the world sulphur trade.

Prism Sulphur Corp., Canada's offshore export marketing organization, reported that Canadian offshore export tonnage has fallen from a high of 6.5 million tonnes shipped in 1988 to below the 5 million tonnes per annum mark for the last 3 years. This drop in Canada's offshore business was also accompanied by loss in world market share. Prism reported that while Canada's share of total offshore trade in sulphur ranged between 35 to 42% throughout the early and mid 1980's, this percentage share has fallen to the low to mid 30's in recent years.

Canadian Sulphur Exports to Argentina:

With this backdrop of recent declining Canadian performance in offshore sulphur exports, Canada has been preforming extremely well in Argentina by maintaining its market share in a depressed market. At present there is no elemental sulphur production in Argentina. The following Argentine sulphur imports based on Argentine statistics (INDEC) and the corresponding graph clearly show that Canada continues to be by far the largest exporter to this market:

ARGENTINE SULPHUR IMPORTS (Value CIF US$)

	From Canada:	Other Sources:	Total:
1986	15,367,206	1.13%	17,371,155
1987	12,106,022	1.17%	14,188,388
1988	5,553,300	1.14%	6,310,000
1989	9,034,525	1.0%	9,044,388
1990	8,940,051	1.07%	9,620,482
1991	Argentine statistics not yet available		

Decreased Demand for Sulphur in Argentina:

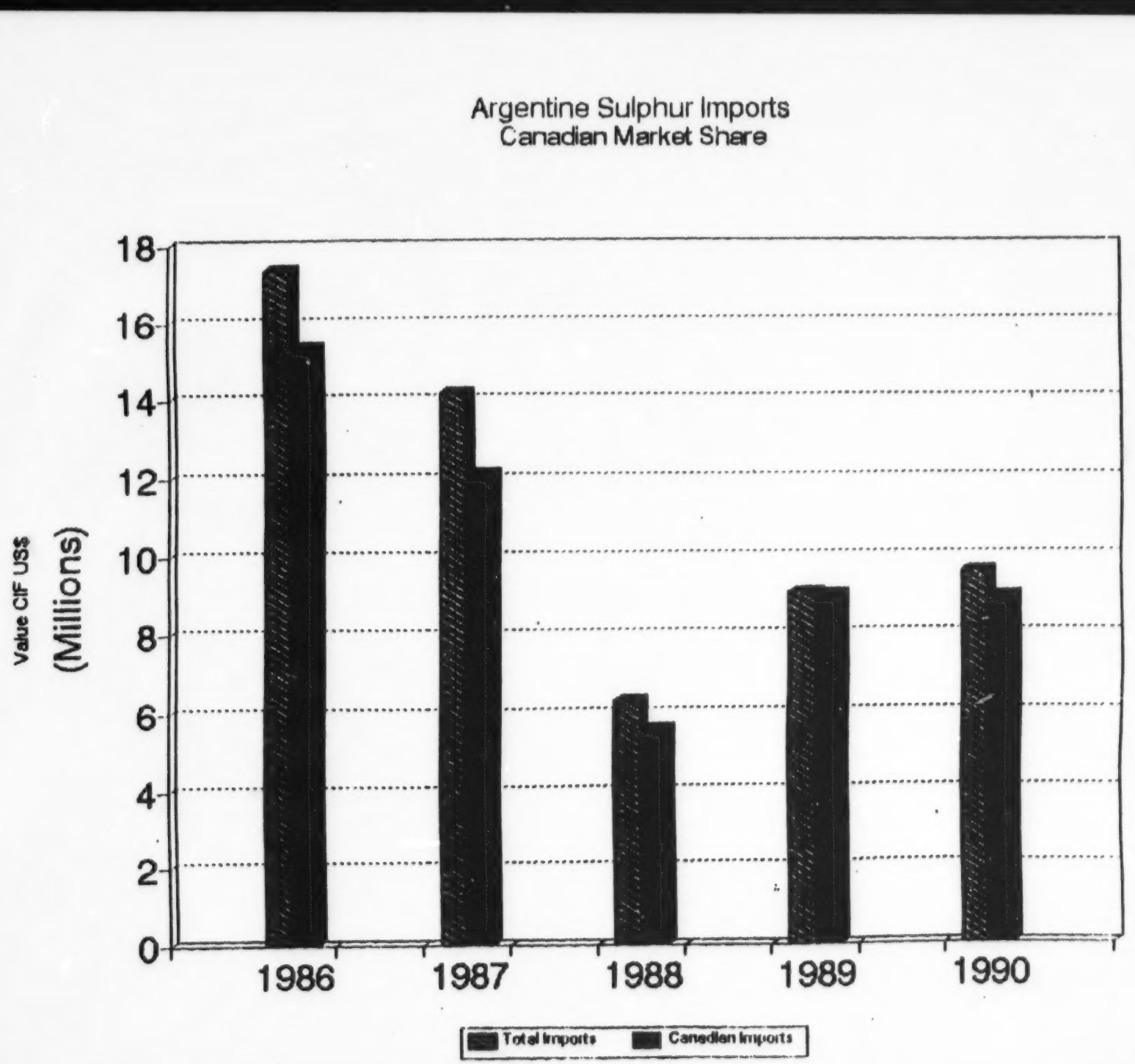
The pressures of the international marketplace coupled with political and economic forces in Argentina have led to a decline in recent years in Argentine sulphur imports. The major traditional importers of sulphur in Argentina, in order of importance, are: Duperial (Imperial Chemical Industries/U.K.), Compania Quimica imported by Atanor S.A. and Direccion General de Fabricaciones Militares (FAMA). Under the control of FAMA are a number of chemical and military products companies which are currently undergoing privatization and are therefore relatively inactive. The demand for sulphur by Compania Quimica and Duperial is dictated by the demand from consumers to manufacture specific products. Because of the recession, industrialization in Argentina has been at an all time low in recent years thereby decreasing the demand for all raw materials including sulphur. In addition, world prices for agricultural products is low and so therefore is the need for sulphuric acid for local fertilizer production. Moreover, the general restructuring of the Argentine industry along with the lowering of tariff rates is seeing the import of more finished products into this market and consequently a decrease in the industrial consumption of sulphur.

Prospects for Canadian Sulphur Exports to Argentina:

The future demand for Canadian sulphur exports to Argentina is mixed at best. Other suppliers are encroaching on Canada's role as a traditional exporter. The Argentine government recently received a credit line with Saudi Arabia which will be used, in part, for sulphur imports. In addition, Chile has significantly increased its capacity for sulphuric acid production and although not a traditional supplier will likely become a major exporter to the Argentine market because of its proximity.

Although recently there has been an important increase in the local production of sulphuric acid in Argentina this is expected to stabilize shortly. The manufacture of sulphuric acid rose 17% annually in 1991 to 236,200 tonnes. This upturn in sulphuric acid production was due to the greater demand for chlorine for water treatment by the national water company (Obras Sanitarias) because of the threat of cholera. This demand significantly reactivated the industry but is expected to wane as cholera becomes less of threat.

Obviously, the current surge in industrial output will create an increased demand for sulphur derivatives. However, a linear relationship between this increase and exports of Canadian sulphur can no longer be presumed as the market is restructuring. According to local importers, future Canadian exports of elemental sulphur will depend upon price and delivery.


Argentine Sulphur Imports
Canadian Market Share
Value CIF US$
(Millions)
18
16
14
12
10
8
6
4
2
0
1986
1987
1988
1989
1990
Total Imports
Canadian Imports